

2004 BIOFUEL PRODUCTION AND USE TAX CREDIT WORKSHEET INSTRUCTIONS

A taxpayer engaged in the production of certified biofuel in Maine is allowed a credit of \$0.05 per gallon against the tax imposed on income derived during the taxable year from the production of that biofuel. When certified biofuel is blended with petroleum or other non-biofuels, the credit allowed will be limited to the portion of that blend that the biofuel constitutes. The credit allowed, including carryovers, may not reduce the tax liability otherwise due to less than zero. A person entitled to a credit for any taxable year may carry over and apply the portion of any unused credit to the tax liability on income derived from the production of biofuel for any one or more of the next succeeding five taxable years. The biofuel production and use tax credit is first available for eligible biofuel produced in 2004.

The term “biofuel” means any liquid or gaseous product or energy source used as a substitute for liquid or gaseous fuels that is derived from agricultural crops or residues or from forest products or byproducts, as distinct from petroleum or other fossil carbon sources. “Biofuel” includes, but is not limited to, ethanol, methanol derived from biomass, levulinic acid, biodiesel, pyrolysis oils from wood, hydrogen or methane from biomass, or combinations of any of the above that may be used to propel motor vehicles either alone or in blends with conventional gasoline or diesel fuels or that may be used in place of petroleum products in whole or in part to fire heating devices or any stationary power device.

To be eligible for this tax credit, the biofuel produced must meet state and federal regulatory requirements and must be certified by the Commissioner of the Department of Environmental Protection (DEP). A taxpayer must apply to DEP for biofuel certification. Details about certification requirements and applications may be obtained from the Maine Department of Environmental Protection, Bureau of Air Quality, Mobile Sources Section. Contact the Mobile Sources Section by telephone at (207) 287-2437 or access the Bureau of Air Quality web site at www.maine.gov/dep/air, select Programs, and then select Mobile Sources.

The certification of biofuel eligible for the tax credit that is issued by DEP will include the taxpayer’s name, address, tax identification number (either social security number or federal employer identification number) and the quantity of eligible biofuel produced. A copy of the certification must be submitted with an income tax return on which a biofuel production and use tax credit is claimed.

SPECIFIC LINE INSTRUCTIONS

In the case of pass-through entities (partnerships, LLCs, S corporations, trusts, etc.), the partners, members, stockholders, beneficiaries, etc., are allowed a credit in proportion to their respective interest in these entities. Attach a schedule showing the credit generated by the pass-through entity and the assignment/distribution to each partner, shareholder, beneficiary, etc. Include the name, address, and federal ID number of the pass-through entity on the schedule and the name and SSN/EIN of each partner, shareholder, beneficiary, etc.

Please enter taxpayer name and employer identification number (“EIN”) or social security number (“SSN”).

Line 1. Multiply the Maine taxable income generated by the sale of certified biofuels by the applicable tax rate. To calculate the applicable tax rate, divide the tax liability before credits (Form 1120ME, Line 7a or Form 1040ME, Line 20) by the total Maine taxable income shown on your return (Form 1120ME, Line 6 or Form 1040ME, Line 19).

Line 2. Multiply the number of gallons of certified biofuel produced (from the certification of biofuel eligible for the tax credit issued by DEP) by \$0.05.

Line 3. The credit allowed is limited to the tax liability on income generated by the production of certified biofuel.

Line 4. Enter the credit amount being used this tax year.

Line 5. Unused credit amounts may be carried over to the next succeeding five taxable years.



2004
BIOFUEL PRODUCTION AND USE
TAX CREDIT WORKSHEET
36 M.R.S.A. § 5219-X

TAXPAYER NAME: _____ EIN/SSN: _____

Note: Owners of pass-through entities (partnerships, LLCs, S corporations, trusts, etc.), see instructions. Also, please provide name and ID number of the pass-through entity on the lines below.

NAME OF PASS-THROUGH ENTITY

EIN/SSN

1. **Tax liability:** Multiply Maine taxable income generated from the production of certified biofuel (\$ _____) by the applicable tax rate on Maine taxable income (_____ %) and enter the result here. (See instructions) 1. _____
2. **Credit claimed:** Multiply gallons of biofuel eligible for credit (_____) by \$0.05 and enter the result here. 2. _____
3. **Credit allowed:** Enter the smaller amount from either line 1 or line 2. 3. _____
4. **Credit used this year:** Enter the amount of credit allowed from line 3 that will be entered on Form 1120ME, Schedule C, line 29f (Amount Used) or Form 1040ME, Schedule A, line 16, to reduce taxes this taxable year. 4. _____
5. **Carryover credit:** Subtract line 4 from line 3 and enter the result here. (See instructions) 5. _____